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The Public Service Commission
State of South Carolina

RANDY MITCHELL
COMMISSIONER, THIRD DISTRICT
CHAIRMAN

October 31, 2005

P.O. DRAWER 11649
COLUMBIA, S.C. 29211
Phone: (803) 896-5260
Fax: (803) 896-5170

Mr. Woodrow Wyatt
222 Elm Drive
Westminster SC 29693-6205

Dear Mr. Wyatt:

This is to acknowledge receipt of your correspondence regarding Total Environmental Solutions, Inc.

In March 2004 the General Assembly enacted legislation which created the Office of Regulatory Staff. As a result of that legislation, effective January of 2005, the Public Service Commission took on an exclusively judicial role. All resources for the investigation and resolution of consumer inquiries and complaints were assigned to the Office of Regulatory Staff.

I have forwarded your correspondence to that Agency's Consumer Services Department for handling; I am sure you will receive a response once their investigation has been completed.

Yours very truly,

Randy Mitchell

Randy Mitchell

RM:ng

cc: Consumer Services Department
Office of Regulatory Staff
PO Box 11263
Columbia SC 29211

PSC - DMS

RECEIVED
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SO. CAROLINA
COMMISSIONER

Docket No. 2004-90-WS

Application of Total Environmental Solutions, Inc.
(TESI) for an Increase in Water and or Sewer Rates
and Charges

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CERTIFICATE OF SERVICE

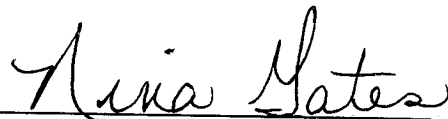
I, Nina Gates, an employee of the Public Service Commission of South Carolina, do hereby certify that I have served a copy of correspondence received from Mr. Woodrow Wyatt, 222 Elm Drive, Westminster, SC 29693-6205, concerning the above-referenced matter, as indicated below, by regular mail, on this 31st day of October, 2005.

John F Beach, Esquire
Total Environmental Solutions, Inc.
Ellis Lawhorne & Sims, PA
Post Office Box 2285
Columbia, SC, 29202-0444

Jessica J.O. King, Esquire
DHEC
2600 Bull Street
Columbia, SC, 29201

H. Fulmer, III, Esquire
Foxwood Hills Property Owners Association, Inc.
PO Box 1330
314 West 5th North Street
Summerville, SC, 29484

Elliott F. Elam Jr. , Acting Consumer Advocate
SC Department of Consumer Affairs
PO Box 5757
Columbia, SC, 29250



Nina Gates, Administrative Assistant
Public Service Commission
of South Carolina
Columbia, South Carolina

Randy Mitchell, Public Service Commission Chairman
PO Drawer 11649, Columbia, SC 29211

We, the property owners of Foxwood Hills, are asking for your help in correcting what we believe to be an unreasonable decision made by the Public Service Commission (PSC) with regards to our water and sewer rates.

Foxwood Hills, a residential community located in Oconee County, gets its water from an entity named Total Environmental Solutions, Inc. (TESI), a company headquartered in Baton Rouge, LA (TESI is a wholly owned subsidiary of Louisiana Power & Light). The average Foxwood Hills property owner is expected to pay water and sewer rates far in excess of what surrounding communities are paying. This situation exists because the PSC, in a ruling issued on 9/17/04 (Order number 2004-434), allowed TESI a 20% operating margin starting on 9/17/06. We are unaware of any other public utility being allowed this large an operating margin. Most are between 10% - 12 %.

Comparison of Local Water Rates

Subdivision or City	Residential Taps	Monthly Water Rate	Monthly Sewer Rate	Total Monthly Rate	Annual Operating Budget	Lift Stations	Operating Margin
Chickasaw Point	411	\$24.75	\$25.00	\$49.75	\$325,000	19	11%
Keowee Keys	1700	\$21.55	\$27.00	\$48.55	\$850,000	73	10%
Foxwood Hills	510	\$52.60*	\$46.59*	\$99.19*	\$610,000*	14	20%*
Westminster	3,250	\$20.25	\$22.64	\$42.89	\$1,137,000	NA	12%
Walthalla	5,950	\$13.15	\$22.44	\$35.59	\$2,187,000	NA	12%

* Rate scheduled to be in effect on 9/17/06

From the table above you can see that TESI has the simplest system, evident by the fewest number of lift stations, and is the least efficient, evident by the largest Annual Operating Budget per customer served. Yet the PSC gave TESI an operating margin of 20% whereas other systems have Operating Margins of between 10% and 12%. The PSC is in fact rewarding TESI's inefficient operations with a larger income.

The following table shows the progression of water and sewer rates at Foxwood Hills since 1997. Note that, if Order Number 2004-434 is allowed to stand, our rates will double in a 9 year period.

Effective Date	Water	Sewer	Total
5/12/97	\$ 18.95	\$ 28.95	\$ 47.90
9/17/04	\$ 30.17	\$ 34.95	\$ 65.12
9/17/05	\$ 41.38	\$ 40.95	\$ 82.33
9/17/06	\$ 52.60	\$ 46.59	\$ 99.19

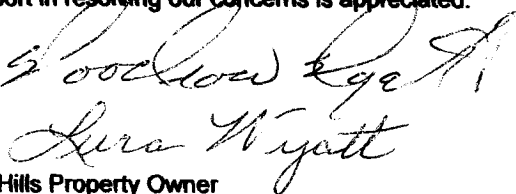
In an attempt to permanently resolve the problem of exorbitant rates, Foxwood Hills Property Owners Association (POA) has offered, on several occasions, to purchase the system from TESI. The latest offer was at a price that is more than ten times the amount TESI paid to purchase the system in 2001. Knowing they are guaranteed a 20% profit on an inefficient operation, TESI refuses to sell.

On 8/31/05 TESI was notified by Department of Health and Environmental Control (DHEC) that they are in violation of the Water Pollution Control Act for failure to comply with Consent Order 02-248-W, issued to TESI on 10/26/04, which was intended to bring TESI up to State standards. Regardless of this fact TESI has asked the courts to put the scheduled increases for 2006 in effect now. This issue was ordered back to the PSC for review by Judge Barber on 9/29/05.

We at Foxwood Hills are encouraging you to reconsider Order Number 2004-434 and issue in its stead a fair and equitable ruling that will grant TESI an Operating Margin in keeping with the surrounding systems.

Your support in resolving our concerns is appreciated.

Sincerely,


Laura Wyatt

Foxwood Hills Property Owner